Citizenship and Immigration Canada | Citoyenneté et Immigration Canada

Passport Program-CIC

Annual Report 2013–2014

Canada

Building a stronger Canada: Citizenship and Immigration Canada (CIC) strengthens Canada's economic, social and cultural prosperity, helping ensure Canadian safety and security while managing one of the largest and most generous immigration programs in the world.

Publications Feedback Survey

We invite you to provide us with your comments on this publication by completing our electronic feedback survey at **www.cic.gc.ca/publications-survey**.

For information about other CIC publications, visit:
www.cic.gc.ca/publications
Available in alternative formats upon request.

Également disponible en français sous le titre : **Programme de passeport – CIC Rapport annuel 2013-2014**

Visit us online

Website: **www.cic.gc.ca**
Facebook: **www.facebook.com/CitCanada**
YouTube: **www.youtube.com/CitImmCanada**
Twitter: **@CitImmCanada**

© Her Majesty the Queen in Right of Canada, represented by the Minister of Citizenship and Immigration, 2015

Cat. no. Ci1-21E-PDF
ISSN 2369-1387
C&I-1972-04-2015

Contents

Message from the Assistant Deputy Minister, Operations Sector 5

Section 1 - About the Passport Program 6

1.1 Our Mandate 6

1.2 Our Services 6

1.3 Our Network 7

1.4 How Passports Are Funded 9

Section 2 - Accomplishments 10

2.1 Program Management 10

2.2 Integrity 11

2.3 Service 13

Section 3 - Passport Program Financial Results 15

Section 4 - Moving Forward 16

Annex A - Description of Canadian Travel Documents 17

Annex B - Passport Program Services and Associated Fees 18

Annex C - Passport Program Service Standards 19

Annex D - Financial Statements 21

Passport Program - CIC
Annual Report **2013–2014**

Message from the Assistant Deputy Minister, Operations Sector

I am pleased to present this year's Annual Report, highlighting the tremendous work undertaken to deliver Canada's Passport Program during fiscal year 2013–2014.

The Passport Program operates on a cost-recovery basis through a revolving fund, financing its operations entirely from the fees charged for passport and other travel document services. This Annual Report allows the Passport Program to answer directly to passport holders and Canadians on its performance and how revenues collected through fees are being spent. It elaborates on the program information set out in the *Departmental Performance Report* for 2013–2014 for Citizenship and Immigration Canada (CIC).

This past year marked an important turning point in how the Passport Program is managed by the Government of Canada. On July 2, 2013, primary responsibility for the Passport Program was transferred from Foreign Affairs, Trade and Development Canada to my department, CIC. This sensible move allows for a natural alignment with the duties performed by CIC, such as determining Canadian citizenship, which is a requirement to apply for a passport. Employment and Social Development Canada, through Service Canada, is responsible for passport service delivery in Canada, and Foreign Affairs, Trade and Development Canada is responsible for passport services abroad. The transfer of the Passport Program to CIC was done without any service disruptions to Canadians.

During the reporting period, the Passport Program also introduced the 10-year electronic passport (ePassport), making the document more difficult to forge or alter, while offering greater convenience and savings to passport holders. I am proud to say that the Passport Program's 10-year ePassport team has received a Public Service Award of Excellence in the category Excellence in Citizen-Focused Service Delivery for their work.

In parallel, the Passport Program introduced a new fee structure that enables the program to offer ePassports with a 5-year or a 10-year validity period, keep pace with technological advancements and continue to provide excellent service to Canadians. In addition, the new 10-year passport offers greater convenience to passport holders, since it is only necessary to submit an application once every 10 years, thus reducing their administrative burden. Holders of 10-year passports in Canada, who are the vast majority, receive a high-value, secure ePassport for a lower annual cost than the previous non-electronic passport.

With a new fee structure and a realignment of the Passport Program within the Government of Canada, CIC has embarked on its ambitious Modernization Initiative. Working with Employment and Social Development Canada through Service Canada, CIC will transform the Passport Program in order to strengthen security and integrity, improve accessibility, and increase efficiency over the coming years. This initiative is a direct response to our commitment to Canadians to modernize the way we do business, which was made during our public consultations under the *User Fees Act* leading to a passport fee increase in 2013.

I invite you to read all about this year's impressive accomplishments in the following pages.

Robert Orr
Assistant Deputy Minister, Operations

Section 1 - About the Passport Program

1.1 Our Mandate

Since July 2013, the Passport Program has been part of Citizenship and Immigration Canada (CIC). The *Canadian Passport Order* provides the Minister of CIC with authority over the Passport Program mandate. Responsibilities of the Passport Program include issuing, refusing to issue, revoking, withholding, recovering, and providing instructions on the use of Canadian passports. Employment and Social Development Canada (ESDC), through Service Canada, assumes responsibility for passport delivery in Canada, and Foreign Affairs, Trade and Development Canada (DFATD) continues to be responsible for passport services abroad.[1]

Through the Passport Program, CIC facilitates travel for Canadians and contributes to a safe and secure travel regime, by issuing Canadian travel documents that are internationally recognized and respected. The Passport Program ensures that legitimate travellers are in possession of Canadian travel documents, that potential applicants are informed and understand their responsibilities of applying for and possessing Canadian travel documents, and that the needs of Canadian travel document holders are met.

To achieve these outcomes, employees within the Passport Program manage passport application intake, authenticate identity, confirm eligibility and manage the issuance and delivery of travel documents to eligible travellers. They also perform activities to ensure that fraud and misuse of travel documents are prevented and detected.

The Passport Program's clientele is the "travelling public". Sixty five percent of Canadians hold a travel document and 21.6 million Canadian travel documents were in circulation as of March 31, 2014.

1.2 Our Services

The Passport Program issued 4.9 million travel documents in 2013–2014, 98% of which were regular "blue" passports. The regular passport has 36 pages and its maximum validity period varies with the age of the passport holder: adults (16 years of age or older) have the option of a 5-year or 10-year passport; children's passports (0 to 15 years of age) are issued for a maximum of 5 years. Please see Annex A for a description of types of Canadian travel documents.

The Passport Program also offers expedited services to clients, such as an urgent 1-day service and administrative services, including certified true copies—an official certification dated and sealed by the Passport Program that the copy is true and authentic.

The passport fee for adults in Canada is $120 for a 5-year passport and $160 for a 10-year passport.[2] Annex B highlights the complete list of passport services and associated fees.

The Passport Program has service standards for the services for which it charges fees. CIC's service commitment to Canadians includes processing applications within:

- two weeks (10 business days) for passport applications received in person at a Passport Canada-branded regional office;
- four weeks (20 business days) for passport applications received in person at a Service Canada or Canada Post receiving agent location; and
- four weeks (20 business days) for passport applications received by mail[3].

Please see Annex C for the full list of service standards.

1.3 Our Network

The Passport Program monitors passport demand trends and service preferences in order to maintain its excellent client service reputation and ensure the integrity of the program.

Service Delivery Model

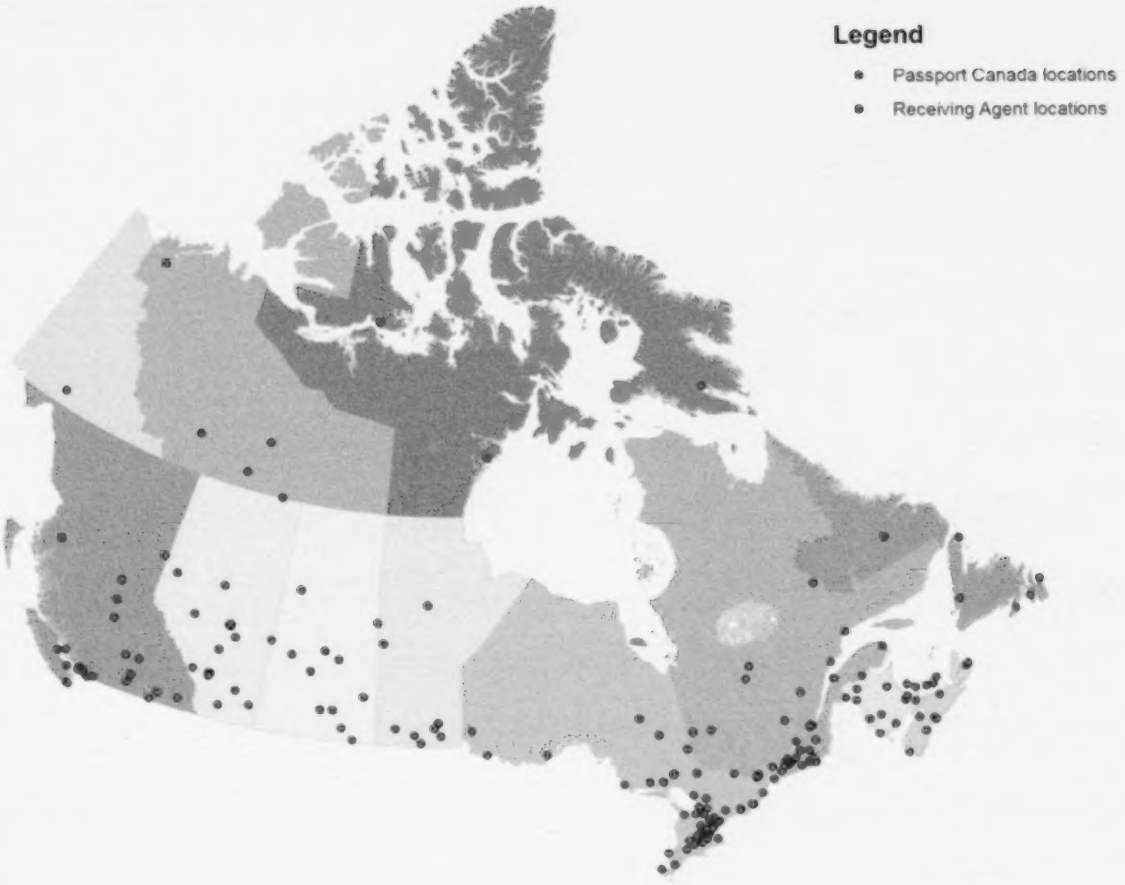
Designating ESDC as responsible for passport services in Canada and DFATD for passport services abroad allows the Government of Canada to leverage the extensive in-person network of Service Canada offices across the country and DFATD's network abroad. CIC continues to process applications for refugee travel documents, certificates of identity, and diplomatic and special passports. The program is working toward providing Canadians with access to passport services through a "single window" rather than having segmented Government of Canada service options for passports, as well as generating operating efficiencies. In addition, this model allows CIC to focus on the critical function of ensuring the integrity of the Passport Program. That being said, CIC, ESDC and DFATD work collaboratively to strike the best possible balance between integrity, client service, and operating efficiency.

Service Delivery Network

Canadians can access passport services through several service channels. Completed application forms may be submitted in person at one of the 34 Passport Canada-branded regional offices or receiving agent locations (i.e. 144 Service Canada and 44 Canada Post locations) shown on the map in Figure 1, mailed to a central processing centre, or submitted via the applicant's Member of Parliament. Today, over 95% of Canadians residing in Canada have access to passport services within 100 km of their place of residence. Canadians living or travelling abroad can access passport services through just over 200 DFATD points of service abroad. Finally, Canadians can obtain information through the Passport Canada-branded Web site (passportcanada.gc.ca), the Passport Program's toll-free number (1-800-567-6868), social media, or through any of the service locations mentioned above.

[1]Prior to this date, the Passport Program was a Special Operating Agency of DFATD.
[2]Fees charged to clients ($120 and $160) include consular fees – see Annex B for more details.
[3]For Canadians in Canada.

Figure 1: Passport Points of Service



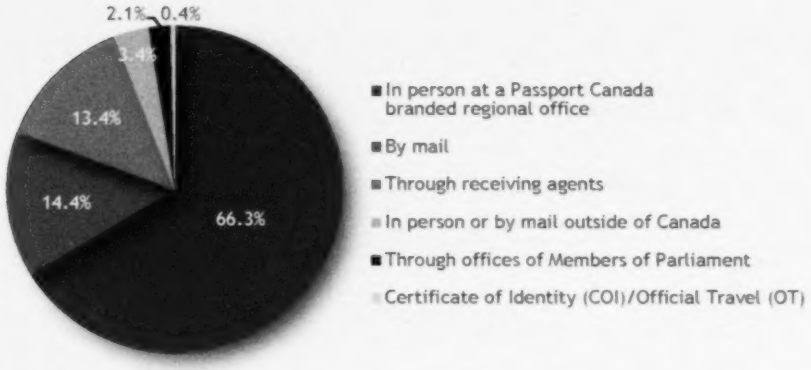
Service Channel Utilization

Figure 2 shows Canadians' continued preference for in-person service at a Passport Canada-branded office. However, in recent years, the number of clients submitting applications at regional offices has steadily decreased. In fiscal year 2005–2006, 83% of all applications received were through a regional office, compared to just over 66% in 2013–2014. This may be attributed to the addition of over 100 receiving agents since 2007 and the convenience of having such offices closer to clients. The percentage of applications received through receiving agents continues to increase, up from 4% in 2006–2007 to 13.4% in 2013–2014.

Canadians are also submitting more applications by mail (14.4% in 2013–2014). The simplified renewal option introduced in 2007 has increased Canadians' confidence in sending applications by mail, as official documents, such as documentary evidence of citizenship, are not required.

The remaining applications received in 2013–2014 were submitted outside Canada (3.4%) or through the office of a Member of Parliament (2.1%) or were for types of documents other than a regular (blue) passport (0.4% of applications were for a certificate of identity, a refugee travel document or a special/diplomatic passport).

Figure 2: Applications Received by Channel 2013–2014



1.4 How Passports Are Funded

The Passport Program operates on a cost-recovery basis, financing its operations entirely from the fees charged for passport and other travel document services. In other words, passports are not financed by taxpayers; only those who apply for a passport actually pay for this service. As a full cost-recovery program, the Passport Program must generate sufficient revenues to meet its mandate.

The *Revolving Funds Act* provides the Minister of CIC with authority to make expenditures out of the Consolidated Revenue Fund (CRF) to provide passport and other travel document services in Canada and abroad. The *Passport and Other Travel Document Services Fees Regulations* made pursuant to the *Financial Administration Act* provide the Government of Canada with the authority to collect user fees and deposit revenues into the CRF.

Unique administrative and reporting requirements apply to revolving funds, pursuant to the Treasury Board *Policy on Special Revenue Spending Authorities*. Audited financial statements must be prepared annually for the Passport Program, in accordance with Treasury Board Secretariat accounting policies based on Generally Accepted Accounting Principles. The statements are published annually in the Public Accounts of Canada and are also included in this report to provide context for the financial figures. Section 3 provides more details on the Passport Program 2013–2014 financial results and Annex D presents the program's 2013–2014 financial statements.

A strong governance framework is in place to ensure compliance with the *Revolving Funds Act*, the *Policy on Special Revenue Spending Authorities*, and effective management of Passport Program investments. Among initiatives put in place, CIC has a stage gating approach to identify, prioritize and manage the intake of opportunities, and allocate resources.

CIC has also created measures to ensure that the accounts related to the Passport program are properly segregated in order to monitor the cost and expenditures against this program. In addition, the robust passport demand forecast, the agreement with ESDC on the deliverance of passport services on behalf of CIC and the support of activity-based management to facilitate the budgetary allocation minimize financial risks for the Passport Program.

Section 2 - Accomplishments

Passport Program priorities are grouped under three themes: Program Management, Integrity, and Service. This section presents the program's 2013–2014 accomplishments under these three themes.

2.1 Program Management

Ensure use of modern management practices to anticipate and respond to future needs, including alignment with CIC and Government of Canada business processes and systems, innovation and decision making.

The Passport Program is one of the few Government of Canada programs to operate on a full cost-recovery basis. As mentioned in Section 1.4, activity-based management practices and robust forecasting have enabled the program to maximize the use of its resources, assess the value of new initiatives, and implement timely resource re-allocation strategies in sync with forecasted changes to passport demand.

Strong and innovative management practices are at the core of the program's success. In response to the Government of Canada's objective to strive for service improvements for Canadians and greater operating cost efficiencies, and in the context of the Administrative Services Review, an assessment of the delivery of passport services was undertaken by an independent assessor in fall 2011. The assessment concluded that the Passport Program's financial situation limited its capacity to modernize and deterred investment on the scale required to enhance security and introduce e-services. Such conclusions lead to a machinery change to gain support from partner organizations with successful experience in technology and service modernization.

At all times, policies, program management, and partnerships must be effectively managed to strike the appropriate balance between program delivery and integrity priorities.

Performance in 2013–2014

The Passport Program issued 4.9 million travel documents in 2013–2014. The number of passports issued annually has increased steadily over the last decade, with a sharp increase in 2007 due to the United States' implementation of the Western Hemisphere Travel Initiative requiring all travelers, including Canadians, to show a passport when entering the United States.

The Passport Program's demand for services forecast continued to play a key role in helping the organization manage its resources as efficiently as possible to maintain service levels through fluctuations in demand for passport services. For example, the 2013–2014 passport sales confirmed the program's forecast for a strong preference for the 10-year validity option, with just over 80% of adult Canadians preferring the 10-year to the 5-year passport, as projected.

Key accomplishments in 2013–2014 include:

- **Transferred responsibility of the Passport Program to CIC** on July 2, 2013 without any interruption in service. ESDC, through Service Canada, is now responsible for passport service delivery in Canada, and DFATD remains responsible for passport services abroad.
- **Introduced a new fee structure** allowing the Passport Program to generate sufficient revenues to deliver its mandate in regard to passport integrity and client service, and sustain the program as a whole over a 10-year business cycle.
- **Incorporated an investment fund within the new fee structure** to ensure the means to update and modernize the way the Passport Program does business, continue to improve upon the security of the passport itself, and maintain a high level of client service.
- **Embarked on the ambitious Passport Program Modernization Initiative.** The goals of this initiative are grouped under three components: (1) activities to complete the transfer of the Passport Program to CIC and ESDC, including transition and rationalization of internal services; (2) modernization of business process, including replacing the current passport issuing system with the Global Case Management System (GCMS), introducing online e-application and self-serve options, and increasing integrity through linkages with security partners; and (3) optimization of the service delivery network to ensure continued flexibility to adapt to government needs and priorities and achieve efficiencies. This initiative is being planned as a phased approach over a 5-year period, from 2013—2014 to 2017-2018 with the aim of enhancing security and integrity, modernizing service through the use of CIC's technological platform and Service Canada's service delivery network. The plans for Phase I, from July 2013 to June 2015, are focused on transition and planning, with some implementation, while Phase II plans, from July 2015 to June 2018, are focused on implementation.

2.2 Integrity

Ensure that the reputation of the Canadian travel document and confidence in Passport Program are maintained.

Maintaining the integrity of the Passport Program is critical. Canada's Passport Program is an important component of our country's security infrastructure and helps to mitigate security threats. Research shows that when acquiring a passport, Canadians look for strong security features, recognition of the passport by foreign authorities, and visa-free access to other countries. All of these factors relate to integrity and depend on the Passport Program's capacity to enhance security features of the passport, build and maintain effective partnerships, detect fraud, and ensure that the Canadian passport is not used to facilitate travel by high risk individuals.

For the reporting year, business priorities were established mindful of an evolving environment marked by increasingly sophisticated identity theft and fraud, with fraudsters seeking to fraudulently obtain genuine passports rather than trying to tamper with an existing document, as well as genuine travel documents and identities becoming enablers, to travel abroad to do harm.

Performance in 2013–2014

According to the 2013 Henley Visa Restrictions Index, Canada is among the top countries in the world in terms of visa-free access to other countries. This high level of travel freedom is a reflection of Canada's relationships within the international community, as well as the high regard for the Canadian passport.

The security and integrity of the Canadian passport and its issuing system are subject to intense and ongoing scrutiny. The *Canadian Passport Order* provides a legal basis for decisions rendered by the Minister to refuse or revoke a passport. Investigations into concerns related to identity, suspected fraudulent activity or misuse of a passport resulted in 308 cases of refusal of passport services and 467 cases of revocation of passports in 2013–2014.

In addition, sections 69 and 70 of the *Family Orders and Agreements Enforcement Assistance Act* (FOAEAA) give the Minister the authority to suspend or refuse to renew or to issue a passport to an individual upon being informed by the Minister of Justice that he or she is subject to a license denial application due to child support payment arrears. In 2013–2014, a total of 2,067 individuals were subject to suspensions or refusal of a passport pursuant to FOAEAA (1,428 suspensions and 639 refusals).

Passports that are lost or stolen are also monitored for security reasons. In 2013–2014, 65,717 passports out of a total of 22.5 million of passports in circulation were reported lost or stolen. This represents 0.29% of all the passports in circulation during this period. Information regarding lost and stolen passports is shared with the Royal Canadian Mounted Police, the Canada Border Services Agency and Interpol for inclusion in their respective databases in order to mitigate the risk of unauthorized use of invalidated passports.

Key accomplishments in 2013–2014 include:

- **Introduced the ePassport** as committed in Budget 2008 and in the Speech from the Throne of March 3, 2010. As of July 1, 2013, a chip was integrated in travel documents printed in Canada. The new electronic passport is a major milestone in improving the security of the passport. The book's many digital security features reduce the risk of tampering and identity fraud, and help border authorities ensure a book's authenticity. The adoption of the ePassport puts Canada into closer alignment with its international partners, and builds on the future directions and recommended practices of the International Civil Aviation Organization (ICAO).
- **Expanded the efficiency of the Facial Recognition Program** in collaboration with the Five Nations Passport Group partners (an international forum of passport issuing authorities in Australia, New Zealand, the United Kingdom, the United States, and Canada) to allow the detection of identity fraud in the passport entitlement and issuance processes and ensure minimal instances of travel documents issued to ineligible parties. Facial recognition technology is one of the pillars of the Passport Program's fraud detection strategy. It was fully incorporated into passport application processing in 2010–2011. It compares photos provided with passport applications against facial images in the passport databases.

> *"In 2013, significant steps were taken to make passports more secure and convenient for Canadians. Passport Canada began issuing ePassports, which have security features that make the passport even more tamper-proof."*
>
> (21st Annual Report to the Prime Minister on the Public Service of Canada)

- **Reinforced working relationships** with the Canadian Security Intelligence Service, the Royal Canadian Mounted Police, the Canada Border Services Agency and Public Safety Canada focussing on security threats with a special emphasis on Canadians involved in foreign conflicts. This information sharing network has proven effective in the detection of fraud and will contribute to building appropriate safeguards, controls and oversight mechanisms to limit the use of the passport for the purpose of travelling to engage in unlawful acts.
- **Completed Passport Program risk assessments in the Asia-Pacific region and a Passport Program integrity risk assessment for the Greater Toronto Area.** These risk assessments provide insight into threats and risks that may be unique to a mission or geographic area of responsibility, client profile, and/or operating environment, which provide information for missions and Service Canada on passport service delivery and the supporting tools and strategies.
- **Performed a program wide threat and risk assessment on the Shared Services Canada IT network infrastructure that is currently supporting the Passport Program.** The report was released on March 12, 2014. Several of the recommendations are currently under development.
- **Participated in various international fora**, including with the International Civil Aviation Organization, the G8 and Five Nations Passport Group, to support work on travel document design, security, and the program's capacity to detect identity fraud.

2.3 Service

Ensure the Passport Program is responsive to heightened client service expectations.

Canadians expect high-quality passport services, which includes a straightforward passport application process and the time it takes to obtain a passport. Despite excellent levels of client satisfaction, the Passport Program continues to evolve to ensure its ability to meet clients' needs in years to come, recognizing for example that Canadians want access to a full range of federal government programs and services electronically, including passport services.

Performance in 2013–2014

The Passport Program has consistently achieved superior levels of client satisfaction. In a year of transition and significant change, the Passport Program delivered on its promise not to disrupt service to Canadians and in fact, exceeded its service standards with 99% of clients receiving their passport on time or earlier (see Annex C for more details).

The program continued to offer support and information to passport applicants and passport holders through its call center and Web site. We answered about 1,405,430 calls in 2013–2014, with 95.4% of clients waiting eight minutes or less in the telephone queue. We recorded over 10 million visits to our Web site from April 1, 2013 to March 31, 2014. The Web site **Contact Us** section allows users to share their concerns, provide us with feedback, request the status of their passport application or ask questions related to the Canadian passport. In 2013–2014, we received 52,130 requests for the status of passport applications and 32,352 general queries.

Key accomplishments in 2013–2014 include:

- **Completed the deployment of the 10-year passport**, offering greater convenience and savings to passport holders, since it is only necessary to pay for photos and submit an application once every 10 years, thus reducing their administrative burden. The 2013–2014 passport sales confirm a strong preference for the 10-year option, with just over 80% of adult Canadians preferring the 10-year to the 5-year passport.
- **Implemented an internal and external communication strategy for the new passport services that came into effect on July 1, 2013.** This included the development of communication activities and products for Canadians and employees and updates to the application forms and to the Passport Program's Web site. The program raised awareness of the ePassport, by creating YouTube videos and dedicating a section of its Web site to frequently asked questions. Extensive communication activities were carried out to ensure that applicants had the required information on the validity options and the new fee.
- **Introduced a new passport holder guarantor policy for applications submitted outside Canada.** The new process allows Canadian passport applicants abroad to choose a Canadian adult passport holder to act as their guarantor.
- **Updated the list of occupations from which Canadians abroad can choose a guarantor** to include occupations that are more easily found around the world.
- **Provided travel document assistance to distressed Canadians in crisis situations**, including the civil unrest in Juba (South Sudan), the mall shootings in Nairobi (Kenya) and the conflict in Cairo (Egypt), in collaboration with DFATD.
- **Issued free replacement of passports lost or damaged** as a result of the floods in Southern Alberta and the Lac-Mégantic railway disaster.

The Passport Program was publically recognized by the Canadian Federation of Independent Business, for cutting red tape for small businesses by introducing a 10-year validity passport.

Section 3 - Passport Program Financial Results

Since the Passport Program operates under a revolving fund, it has a continuing non-lapsing authority from Parliament that allows for the accumulation and carryover of surplus revenues from year to year to offset future shortfalls. When revenues exceed expenditures, the Passport Program accumulates a surplus in its Accumulated Net Charge Against the Fund Authority (ANCAFA), essentially a bank account. This surplus can then be used to fund the Passport Program's deficits during years when revenues do not cover expenditures.

The Passport Program expects to generate a surplus in revenues until 2017–2018. These financial surpluses will be used to compensate the anticipated reduction in revenue during the second half of the business cycle, starting in 2018–2019. The significant drop in revenues in the second half of the business cycle is caused by an abrupt reduction in passport demand due to the introduction of a 10-year passport in July 2013. During this second half of the business cycle, the Passport Program requires accumulated surpluses to sustain operations as there are many fixed costs associated with maintaining the infrastructure that supports Passport Program delivery that do not vary with passport volume fluctuations.

The Passport Program must generate sufficient revenues to sustain operations over a 10-year business cycle (from 2013–2014 to 2023–2024), with no negative impact on the fiscal framework, as was committed to Canadians and parliamentarians in the consultations process to increase passport fees in 2013.

Financial results for 2013–2014

The new fee structure introduced in July 2013 brings positive changes to the Passport Program's financial position. In fiscal year 2013–2014, actual revenues were $534 million compared to $312 million in 2012–2013, which represents an increase of $222 million as a result of the passport services fee increase.

Passport Program's operating expenditures were at $337 million, an increase of 5% compared to the previous year. This is primarily a result of the introduction of the ePassport.

The program generated a surplus of $187[4] million in 2013–2014. As indicated above, the Passport Program has started building funds in its ANCAFA in order to be able to cover for low passport demand starting in 2018–2019.

The Passport Program's financial statements for 2013–2014 may be found in Annex D. The statements have been audited by an external firm to confirm that they fairly represent the financial position of the revolving fund. For the fourth consecutive year, the auditors have issued no observations resulting from their audit.

[4]Net results after disposal of asset

Section 4 - Moving Forward

Looking ahead, CIC will continue to improve the Passport Program by focusing activities around the program's three strategic themes: Program Management, Integrity, and Service to make the Passport Program efficient, ensuring Canadians value for money from the fees they pay, and effective in facilitating secure travel for Canadians.

In fiscal year 2014–2015, the Passport Program will intensify efforts to advance the Modernization Initiative, including:

- enhancing passport services and program integrity by strengthening business processes and enabling systems while ensuring the financial sustainability of the Passport Program;
- strengthening the security and integrity of the Passport Program by undertaking security-oriented improvements in alignment with Passport Program modernization, Government of Canada priorities and international standards; and
- adopting common Government of Canada administrative business processes and optimizing synergies with CIC practices and systems.

Moving forward, input and ideas gathered from Canadians during our public consultations under the *User Fees Act* will continue to shape the way the Passport Program is delivered in the future.

Annex A - Description of Canadian Travel Documents

Product	Description
Regular passport	The regular (blue) passport is issued to Canadian citizens for occasional travel, such as vacations and business trips. The regular passport has 36 pages. The current maximum validity period varies with the age of the passport holder: • Adults (16 years of age or over): have the option of a 5-year or 10-year passport • Children's passport (0 to 15 years of age): issued for a maximum of 5 years
Official passports (special and diplomatic)	Under the provisions of the *Diplomatic and Special Passport Order*, special and diplomatic passports are issued to Canadians who travel for official or diplomatic purposes. Diplomatic and special passports have been issued as ePassports since 2009. The validity period is determined by the issuing office with a maximum validity of 5 years.
Emergency travel document	This one-page travel document is issued to Canadians outside Canada for a single-journey direct return to Canada, or to the nearest Government of Canada office where more comprehensive passport services can be obtained. As this travel document is printed outside Canada, it does not contain an electronic chip.
Temporary passport	This 8-page white cover passport valid for up to one year is issued to Canadians outside of Canada who need to be issued a passport (either for residency requirements or for urgent travel) while their application for a regular passport is being processed. This service was created when the printing of passports was repatriated to Canada. As this travel document is printed outside of Canada, it does not contain an electronic chip. The validity period is determined by the issuing office with a maximum validity of 1 year.
Refugee travel document	This document is issued in accordance with the *United Nations Convention Relating to the Status of Refugees*, to persons in Canada with protected person status, including Convention refugees and persons in need of protection. A refugee travel document is endorsed for travel to all countries (except the bearer's country of citizenship). The validity period is determined by the issuing office with a maximum validity of 5 years.
Certificate of identity	This document is issued to permanent residents of Canada who are not yet Canadian citizens, who are stateless or who are unable to obtain a national passport for a valid reason. A certificate of identity is not valid for travel to the bearer's country of citizenship. The validity period is determined by the issuing office with a maximum validity of 5 years.

Annex B - Passport Program Services and Associated Fees

Passports: Applications made in Canada and passport delivered in Canada		
Travel document	**Fee**	**With consular fee**
10-year passport (16 years or over)	$135	$160
5-year passport (or less) (16 years or over)	$95	$120
Children's passport (15 years or less)	$57	--
Passports: Applications made outside Canada or passport delivered outside Canada		
Travel document	**Fee**	**With consular fee**
10-year passport (16 years or over)	$235	$260
5-year passport (or less) (16 years or over)	$165	$190
Children's passport (15 years or less)	$100	--
Expedited services in Canada (in addition to the regular passport fee)		
Service	**Fee**	**With consular fee**
1-day service (urgent)	$110	--
Express service (2-9 days)	$50	--
Pick-up (day 10)	$20	--
Same day, out of regular hours of service	$335	--
Expedited services outside Canada		
Service	**Fee**	**With consular fee**
Emergency travel document (one trip)	$50	$75
Children's emergency travel document (one trip)	$30	--
Temporary passport (linked to regular passport application)	$110	--
Travel documents for non-Canadians		
Travel document	**Fee**	**With consular fee**
Certificate of identity	$235	$260
Children's certificate of identity	$141	--
Refugee travel document	$95	$120
Children's refugee travel document	$57	--
Administrative services		
Service	**Fee**	**With consular fee**
Addition of a special stamp or observation (at applicant's request)	$45	--
Certified true copies (up to three copies)	$45	--
Replacement of lost or stolen passport or other travel document (in addition to passport fee)	$45	--
File transfers (between offices in Canada)	$45	--
Retention of valid passport or other travel document	$45	--

The Passport Program collects a $25 consular fee per travel document on behalf of DFATD to support the consular program at Canadian government offices abroad. The funds collected do not go to CIC and the Department has no authority over the amount or use of this fee.

Annex C - Passport Program Service Standards

Service	Service standard	Performance target	Results for 2013-2014
Services for Canadians in Canada			
Passport application in person at a Passport Canada-branded office	10 business days	90% of complete applications are processed within announced processing times	99.79%
Passport application by mail	20 business days		99.87%
Passport application in person at a receiving agent	20 business days		99.89%
Services for Canadians outside Canada			
Regular passport application in person at a Government of Canada office abroad	20 business days	90% of complete applications are processed within announced processing times	97.17%
Temporary passport	20 business days		99.60%
Emergency travel document	20 business days		98.67%
Services for non-Canadians in Canada			
Certificate of identity	20 business days	90% of complete applications are processed within announced processing times	98.20%
Refugee travel document	20 business days		98.51%
Expedited Services in Canada			
Urgent service	24 hours (next business day)	90% of complete applications are processed within announced processing times	99.58%
Express service	2 to 9 business days		99.95%
Pick-up service	10 business days		99.77%
Same day out of regular hours of service	Same day		97.37%

Passport Program Service Standards (cont'd)

Service	Service standard	Performance target	Results for 2013-2014
Administrative Services			
Addition of a special stamp or observation (at applicant's request)	If request is made: Along with a travel document application: same as the associated travel document After a travel document has been issued: 10 business days	90% of complete applications are processed within announced processing times	90.24%
Certified true copies (up to three copies)	10 business days		*
Replacement of lost or stolen passport or other travel document	Same as the associated travel document		*
File transfers (between offices in Canada)	3 business days		*
Retention of valid passport or other travel document	Same as the associated travel document		*

*Services introduced on March 31, 2014.

Annex D - Financial Statements

PASSPORT CANADA REVOLVING FUND

STATEMENT OF MANAGEMENT RESPONSIBILITY

We have prepared the accompanying financial statements of the Passport Canada Revolving Fund in accordance with the policy of the Treasury Board on revolving funds and the reporting requirements and standards of the Receiver General for Canada. These financial statements were prepared by the management of the Fund in accordance with the significant accounting policies set out in Note 2 of the statements on a basis consistent with that of the preceding year.

Responsibility for the integrity and objectivity of these financial statements rests with the management of the Fund. The information included in these financial statements is based on management's best estimates and judgement with due consideration given to materiality. To fulfil its accounting and reporting responsibilities, the Fund maintains a set of accounts which provides a centralized record of the Fund's financial transactions.

The Fund's directorate of financial operations develops and disseminates financial management and accounting policies and issues specific directives which maintain standards of accounting and financial management. The Fund maintains systems of financial management and internal control which gives due consideration to costs, benefits and risks. The systems are designed to provide reasonable assurance that transactions are properly authorized by Parliament, are executed in accordance with prescribed regulations, and are properly recorded to maintain accountability of Government funds and safeguard the assets under the Fund's administration. The Fund also seeks to assure the objectivity and integrity of data in its financial statements by the careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that its regulations, policies, standards and managerial authorities are understood throughout the organization.

Management has presented the financial statements to the independent auditors, who have audited them and has provided an independent opinion which has been appended to these financial statements.

Approved by:

A Ouellette — 2014-05-28

Anick Ouellette
Director General and Deputy Chief Financial Officer
Financial Operations
Citizenship and Immigration Canada

Date

Tony Matson — 2014/05/08.

Tony Matson
Assistant Deputy Minister and Chief Financial Officer
Citizenship and Immigration Canada

Date

Passport Canada Revolving Fund

STATEMENT OF AUTHORITY (USED) PROVIDED
[UNAUDITED] FOR THE YEAR ENDED AS AT MARCH 31
[in thousands of dollars]

	2014				2013	
		Actual				
	Estimates $	For the period ended July 1, 2013* $	For the period ended March 31, 2014* $	For the year ended March 31, 2014 $	Estimates $	Actual $
Net results	(56,085)	(21,396)	208,235	186,839	(61,268)	(8,687)
Add: Items not requiring use of funds	(288)	5,607	(34,392)	(28,785)	9,504	9,779
Operating source (use) of funds	(56,373)	(15,789)	173,843	158,054	(51,764)	1,092
Less: Items requiring use of funds						
Net capital acquisitions	14,000	463	6,080	6,543	15,890	14,334
Net other assets and liabilities	—	(2,674)	(38,569)	41,243	—	9,898
Authority provided (used)	(70,373)	(13,578)	206,332	192,754	(67,654)	23,140

*Pursuant to Order in Council P.C. 2013-0540, effective July 2, 2013 and pursuant to Citizenship and Immigration Canada, vote 7b, Appropriation Act No.4, 2013-14, retroactive effective on July 2, 2013, authority to make expenditures out of the Consolidated Revenue Fund for the purpose of the operation of central and regional passport offices in Canada and passport services at posts abroad and the authority to spend any revenue received for these purposes was transferred from the Foreign Affairs, Trade and Development Canada to Citizenship and Immigration Canada.

Passport Canada Revolving Fund

RECONCILIATION OF UNUSED AUTHORITY
(UNAUDITED) AS AT MARCH 31
(in thousands of dollars)

		2014 $	2013 $
Debit balance in the accumulated net charge against the Fund's authority		(80,427)	(4,646)
Add:	Payables at Year-End charges against the appropriation after March 31	36,492	30,815
Less:	Amounts credited to the appropriation after March 31	49,649	8,602
	Amounts credited to the appropriation for expenses paid on behalf of other government departments	81,886	—
	Other items	1,761	2,044
Net authority used (provided), end of year		(177,231)	15,523
Authority limit		—	131,204
Unused authority carried forward		177,231	115,681

Financial Statements

Passport Canada Revolving Fund

March 31, 2014

KPMG LLP
Suite 2000
160 Elgin Street
Ottawa, ON K2P 2P8
Canada

Telephone (613) 212-KPMG (5764)
Fax (613) 212-2896
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Assistant Deputy Minister and Chief Financial Officer, Citizenship and Immigration Canada

We have audited the accompanying financial statements of Passport Canada Revolving Fund (the "Fund") which comprise the statement of financial position as at March 31, 2014, the statements of operations and changes in net assets and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the reporting requirements of Section 4 of the Treasury Board of Canada's Policy on Special Revenue Spending Authorities and the *Revolving Funds Act*, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2014, and the results of its operations and the changes in its deficit and cash flows for the year then ended in accordance with the reporting requirements of Section 4 of the Treasury Board of Canada's Policy on Special Revenue Spending Authorities and the *Revolving Funds Act*.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describe the basis of accounting. The financial statements are prepared solely for the information and use of the management of the Revolving Fund, Assistant Deputy Minister and Chief Financial Officer, Citizenship and Immigration Canada and the Treasury Board of Canada Secretariat for reporting on the use of the Fund authority. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

May 26, 2014
Ottawa, Canada

Passport Canada Revolving Fund

STATEMENT OF FINANCIAL POSITION

As at March 31
(in thousands of dollars)

	2014 $	2013 $
ASSETS		
Current		
Accounts receivable		
Government of Canada	**49,584**	8,340
Outside parties	**67**	293
Prepaid expenses	**875**	945
Inventories	**13,449**	16,962
	63,975	26,540
Long-term		
Capital assets *(note 3)*		
At cost	**81,178**	197,802
Less accumulated amortization	**(58,680)**	(149,708)
	22,498	48,094
	86,473	74,634
LIABILITIES		
Current		
Accounts payable and accrued liabilities		
Government of Canada	**24,759**	13,045
Outside parties		
Accounts payable	**10,050**	16,416
Accrued liabilities	**1,796**	4,691
Contractors' holdbacks	**1,684**	1,354
Employee termination benefits	**240**	2,661
	38,529	38,167
Long-term		
Employee termination benefits	**2,318**	4,205
	40,847	42,372
Net Assets *(note 4)*	**45,626**	32,262
	86,473	74,634

Contractual Obligations *(note 5)*

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS AND CHANGE IN NET ASSETS

As at March 31
[in thousands of dollars]

	2014 $	2013 $
Revenues		
Fees earned	**533,417**	312,006
Miscellaneous revenues	**378**	391
	533,795	312,397
Expenses		
Professional and special services *[note 6]*	**148,342**	35,040
Salaries and employee benefits	**93,350**	183,646
Passport materials	**32,050**	26,758
Freight, express and cartage	**31,942**	32,160
Amortization	**7,251**	11,579
Repair and maintenance	**6,615**	4,897
Accommodation	**6,380**	16,339
Passport operations at missions abroad *[note 6]*	**4,342**	4,327
Information	**3,408**	2,975
Printing, stationery and supplies	**1,578**	2,168
Travel and removal	**649**	1,565
Provision for employee termination benefits	**557**	(1,406)
Miscellaneous	**220**	128
Rentals	**166**	428
Utility	**111**	59
Postal services and postage	**38**	66
Telecommunications	**14**	26
	337,013	320,755
Net results before disposal of assets	**196,782**	(8,358)
Loss on disposal of assets	**2,924**	329
Loss on disposal of obsolete inventory	**7,019**	—
	9,943	329
Net Results	**186,839**	(8,687)
Net assets, beginning of the year *[note 4]*	**32,262**	29,082
Net financial resources used (provided) and change in the accumulated net charge against the Fund's authority during the year	**(75,781)**	11,887
Transfer to other government departments *[note 4]*	**(97,694)**	(20)
Net assets, end of the year *[note 4]*	**45,626**	32,262

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

As at March 31
[in thousands of dollars]

	2014 $	2013 $
OPERATING ACTIVITIES		
Net results	**186,839**	(8,687)
Add		
Provision for employee termination benefits	**(1,887)**	(2,875)
Amortization	**7,251**	11,579
Loss on disposal of assets	**2,924**	329
Loss on disposal of obsolete inventory	**7,019**	—
	202,146	346
Changes in current assets and liabilities *[note 7]*	**(44,092)**	2,121
Net financial resources provided (used) by operating activities	**158,054**	2,467
INVESTING ACTIVITIES		
Capital assets acquired	**(6,543)**	(14,334)
Transfer out of capital assets	**21,964**	—
Net financial resources provided (used) by investing activities	**15,421**	(14,334)
FINANCING ACTIVITIES		
Transfers to other government departments	**(97,694)**	(20)
Net financial resources provided (used) by financing activities	**(97,694)**	(20)
Net financial resources used and change in the accumulated net charge against the Fund's authority during the year	**75,781**	(11,887)
Accumulated net charge against the Fund's authority, beginning of year	**4,646**	16,533
Accumulated net charge against the Fund's authority, end of year *[note 4]*	**80,427**	4,646

See accompanying notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2014
[Tabular figures in thousands of dollars]

1. AUTHORITY AND PURPOSE

The Passport Canada Revolving Fund [the "Fund"] was established in 1969 to provide for the issue of appropriate passport and other travel document services in Canada and at posts abroad. The *Revolving Funds Act* authorized the operation of the Fund.

Effective July 2, 2013, the accountability for the Passport Program and the Fund shifted from the Department of Foreign Affairs, Trade and Development [DFATD] to Citizenship and Immigration Canada [CIC]. In addition, the Fund transferred its passport delivery and processing services to Employment and Social Development Canada [ESDC] on July 2, 2013.

The Fund has a continuing non-lapsing authority from Parliament to make payments out of the Consolidated Revenue Fund for working capital, capital acquisitions and temporary financing of accumulated operating deficits.

Through the 2013–2014 Supplementary Estimates C, the drawdown authority was decreased from $131,204,000 to $1.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the requirements of Section 4 of the Treasury Board of Canada *Policy on Special Revenue Spending Authorities* and the reporting requirements for revolving funds prescribed by the Receiver General for Canada. The basis of accounting used in these financial statements differs from Canadian generally accepted accounting principles because:

- revenues from passport service request fees are recognized upon receipt of payment and verification of an application for completeness as stated in the Regulations prescribing fees for passport services; and,
- funding for capital assets received from Treasury Board is recorded as contributed capital and not as a reduction of the cost of capital assets.

Revenue recognition

Revenues from passport fees are recognized upon request for a passport service, which is upon receipt of payment and verification of the passport application for completeness.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2014
[Tabular figures in thousands of dollars]

2. SIGNIFICANT ACCOUNTING POLICIES [Cont'd]

Inventory

Inventories of materials and supplies are carried at the lower of cost using the average cost and the net realizable value.

Capital assets

Capital assets are recorded at cost and amortized on a straight-line basis over their estimated useful lives, as follows:

Category	Estimated useful life
Furniture	10 years
Vehicles	5 years
Electronic data processing [EDP] equipment	3 – 5 years
Other machines and equipment	5 years

The capital projects are assets under construction which are not yet amortized; these capital assets will be amortized once they are in service. Leasehold improvements are amortized on a straight- line basis on the lesser of the remaining term of the lease or estimated useful life of the improvement.

Employee termination benefits

Employees of the Fund are entitled to specified termination benefits, calculated based on salary levels in effect at the time of termination as provided for under collective agreements and conditions of employment. The cost of these benefits is recorded in the accounts as the benefits accrue to the employees. The obligation relating to the benefits earned by employees is calculated using information derived from results of the actuarially determined liability for employee's termination benefits for the government as a whole and is provided by Treasury Board of Canada. Effective July 2, 2013, the employee termination benefits liability relating to approximately 1,900 positions was transferred to ESDC.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2014
[Tabular figures in thousands of dollars]

2. SIGNIFICANT ACCOUNTING POLICIES [Cont'd]

Pension plan

Employees of the Fund are covered by the Public Service Retirement Pension Plan [the "Plan"] administered by the Government of Canada. Under present legislation, contributions made by the Fund to the Plan are limited to an amount equal to the employee's contributions on account of current service. These contributions represent the total pension obligations of the Fund and are charged to operations on a current basis. The Fund is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account and/or with respect to charges to the Consolidated Revenue Fund for the indexation of payments under the *Supplementary Retirement Benefits Act*.

Use of estimates

The preparation of financial statements requires management and the Treasury Board Secretariat to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The more significant areas requiring the use of estimates relate to employee termination benefits and to accrued liabilities. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

Financial instruments

The Fund's financial instruments consist of accounts receivable, accounts payable, accrued liabilities and employee termination benefits. The carrying values of these financial instruments approximate their fair value because of their short terms to maturity. Unless otherwise noted, it is management's opinion that the Fund is not exposed to significant interest, currency or credit risk arising from these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2014
[Tabular figures in thousands of dollars]

3. CAPITAL ASSETS AND ACCUMULATED AMORTIZATION

Capital Assets	Balance, beginning of the year $	Acquisitions $	Disposals, transfers and adjustments $	Balance, end of the year $
Technology Enhancement Plan Project	33,877	—	(30,971)	**2,906**
Capital projects	18,207	935	(18,385)	**757**
Leasehold Improvements	107,413	211	(71,328)	**36,296**
Furniture	105	—	(8)	**97**
EDP equipments	36,045	4,845	(1,992)	**38,898**
Vehicles	41	21	(41)	**21**
Other machines and equipments	2,114	531	(442)	**2,203**
	197,802	6,543	(123,167)	**81,178**

Accumulated Amortization	Balance, beginning of the year $	Acquisitions $	Disposals, transfers and adjustments $	Balance, end of the year $
Technology Enhancement Plan Project	33,877	—	(30,972)	**2,906**
Capital projects	—	—	—	**—**
Leasehold Improvements	81,791	2,273	(51,870)	**32,194**
Furniture	83	2	(6)	**79**
EDP equipments	32,094	4,874	(15,206)	**21,762**
Vehicles	37	1	(38)	**1**
Other machines and equipments	1,826	100	(187)	**1,738**
	149,708	7,251	(98,279)	**58,680**

The capital projects category includes assets under construction which are not yet amortized.

Effective July 2, 2013, the Fund transferred capital assets with a net book value of $21,964,066 to ESDC. This transfer is included in the disposals, transfers and adjustments column.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2014
[Tabular figures in thousands of dollars]

4. NET ASSETS

	2014	2013
	$	$
Accumulated net charge against the Fund's authority	(80,427)	(4,646)
Accumulated surplus (deficit)	45,579	(43,566)
Contributed capital	80,474	80,474
	45,626	32,262

Accumulated net charge against the Fund's authority:

Accumulated net charge against the Fund's authority is the cash position of the Fund, held by the Government on the Fund's behalf.

Accumulated surplus:

The accumulated surplus is an accumulation of each year's surpluses including the absorption of the opening net assets of $746,000 upon establishment of the Fund. Other adjustments to the Fund net financial position were made in 2012 for $419,771, in 2013 for $19,936 and in 2014 for $220,842 as a result of the Fund transferring its information technologies services to Shared Services Canada [SSC], on November 15, 2011. Additional adjustments to the Fund's net financial position were made in 2014 for $97,472,888 as a result of the Fund transferring its passport delivery and processing services to ESDC on July 2, 2013.

Contributed capital:

In the year, there were no additional capital contributions from Treasury Board to finance the Fund's capital projects.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2014
[Tabular figures in thousands of dollars]

5. CONTRACTUAL OBLIGATIONS

Because of the nature of its activities, the Fund is engaged in contractual obligations for the purchase of goods and other services.

Below are the expected future maximum payments under contract for its supplier of blank passports:

	$
2015	43,872
2016	37,040
	80,912

Below are expected future minimum payments for rents of office premises and other suppliers:

	$
2015	4,715
2016	436
2017	611
	5,762

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2014
[Tabular figures in thousands of dollars]

6. RELATED PARTY TRANSACTIONS

Through common ownership, The Fund is related to all Government of Canada created departments, agencies and Crown corporations. Payments for passport operations at missions abroad, passport delivery and processing service throughout Canada, accommodation and legal services are made to related parties in the normal course of business. All related party transactions are accounted for at the exchange amount, which represents the consideration agreed to by both parties.

As part of its operations, the Fund collects Consular fees on behalf of the DFATD. These fees are not recorded as revenues in the Statement of Operations and Change in Net Assets. In 2014, the Fund collected and remitted to DFATD $97,671,047 [2013 – $101,680,188] in consular fees.

Effective November 15, 2011, the Fund transferred its information technologies services to SSC. The cost of these services provided by SSC is reported in the Professional and Special Services line item in the Statement of Operations and Change in Net Asset. In 2014, SSC charged the Fund a total of $11,771,132 [2013 – $11,423,170] for Information technologies services.

In May 2013, ESDC and the Fund signed a memorandum of understanding governing the cost of processing passport applications for 3 years. Effective for all applications processed by ESDC from April 1, 2013 to March 31, 2014, a fee of $13.70 per application will be charged to the Fund. These fees are reported in the Professional and Special Services line item in the Statement of Operations and Change in Net Assets. In 2014, ESDC charged the Fund a total of $8,802,250 [2013 – $7,644,989] for application processing fees.

Effective July 2, 2013, the Fund transferred its passport delivery and processing service to ESDC. The cost of these services provided by ESDC is reported in the Professional and Special Services line item in the Statement of Operations in Net Asset. In 2014, ESDC charged the Fund a total of $109,078,645 for these services.

Pursuant to a Treasury Board Submission the Fund was charged for the Passport Program Modernisation Initiative and for transition and internal services rationalization costs. The cost for these activities provided by CIC and by ESDC is reported in the Professional and Special Services line item in the Statement of Operations and Change in Net Asset. In 2014, both ESDC and CIC respectively charged the Fund a total of $3,253,827 and $2,063,404.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2014
[Tabular figures in thousands of dollars]

7. CHANGES IN CURRENT ASSETS AND LIABILITIES

	2014 $	2013 $
Assets		
Accounts receivable – Government of Canada	**(41,244)**	(2,404)
Accounts receivable – Outside parties	**226**	87
Prepaid expenses	**70**	(420)
Inventories (2014 – net of the loss on disposal of obsolete inventory of $7,019; 2013 – nil)	**(3,506)**	(8,572)
Accounts payable and accrued liabilities		
Government of Canada	**11,714**	9,372
Outside parties – Accounts payable	**(6,366)**	3,431
Outside parties – Accrued liabilities	**(2,895)**	186
Outside parties – Contractors' holdbacks	**330**	777
Employee termination benefits	**(2,421)**	(336)
	(44,092)	2,121

8. CONTINGENCIES

The Fund is subject to various legal claims arising in the normal course of its operations. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability has been accrued and an expense recorded on the Fund's financial statements. Based on the Fund's legal assessment of potential liability as at March 31, 2014, the Fund has one outstanding claim with a contingent liability of $175,597.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2014
[Tabular figures in thousands of dollars]

9. TRANSFER TO OTHER GOVERNMENT DEPARTMENTS

Effective July 2, 2013, the Fund transferred its passport delivery and processing service to ESDC in accordance with Order-in-Council P.C. 2013-540, including the stewardship responsibility for the assets and liabilities related to the both service activities. Accordingly, the Fund transferred the following assets, liabilities and related expenses to ESDC:

	$
Asset	
Capital assets [net book value] *[note 3]*	21,964
Liabilities	
Allowance for severance and vacation pay	(5,903)
Other	(256)
Total Liabilities	(6,159)
Expenses paid on behalf of ESDC	81,668
Adjustment to the Fund's net financial position	**97,473**

Effective November 15, 2011, the Fund transferred its information technologies services to SSC, including the stewardship responsibility for the assets and liabilities related to the service activities. As a result in 2014, the Fund transferred the following assets and related expenses to SSC for its Information technologies services:

	$
Asset	
Prepaid expenses	3
Expenses paid on behalf of SSC	218
Adjustment to the Fund's net financial position	**221**

[1]All federal legislation can be accessed on the Department of Justice Web site at http://laws.justice.gc.ca